

UNNUMBERED LETTERS ISSUED FOR THE MONTH OF JULY 2002

Dated	Subject	Distribution
07-03-02	CANCELLATION - Operations and Management Teleconference	S/D
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	* AZ, ID, IA, GA, KS, ME, MN, MT, NE, NV, NH, NJ, NM, ND, OK, OR, SD, UT, VT, VA, WA, WV, WI, and WY	
07-09-02	Veterans' Employment	S/D
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	The Impact of the <u>Franconia</u> Decision on RHS MFH Preservation	S/D
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07-29-02	Multi-Family Housing Enforcement Team Mission, Goals and Requests for Assistance	S/D

TO: State Directors and
National Office Operations and Management Managers
Rural Development

ATTN: Administrative Programs Directors

FROM: Sherie Hinton Henry *(Signed by Sherie Hinton Henry)*
Deputy Administrator
for Operations and Management
Rural Development

SUBJECT: CANCELLATION - Operations and Management Teleconference

DATE: July 3, 2002

The Operations and Management teleconference for the Administrative Programs Director's scheduled for **Wednesday, August 28, 2002, at 3:00 PM, Eastern Daylight Time (EDT) has been cancelled.** My staff will reschedule the next teleconference for October 2002. You will receive advance notice of the October 2002 teleconference as well as a tentative schedule for the remainder of FY 2003.

If you have any questions, please contact Anissa Johnson at (202) 692-0200.

Thank you.

Sent by electronic mail on 07-10-02 at 9:30 a.m. p.m. by DAOM.

EXPIRATION DATE: August 28, 2002

FILING INSTRUCTIONS:
Administrative/Other Programs

July 8, 2002

TO: Selected State Directors *
Rural Development

FROM: David J. Villano *(Signed by David J. Villano)*
Deputy Administrator
Single Family Housing

SUBJECT: Retrieval of Residential Mortgage Credit Reports

The purpose of this memorandum is to provide instructions on the retrieval of residential mortgage credit reports (RMCR) prepared by Equifax using the PC based UniFi system. Once Equifax completes a RMCR request, they place the report in a queue for PC based UniFi users to dial in and retrieve. Since Equifax removes reports from the queue if they are not retrieved within three days from the completion date, end users should dial in every day until a requested RMCR has been retrieved. This procedure will ensure timely retrieval of reports and minimize delays due to resubmission to the queue.

This procedure will not be necessary for web based UniFi users, since the web credit bureau server is scheduled to connect to the bureaus every 4 hours.

Please share this memorandum with your field offices.

If you have any questions regarding this memorandum, please contact Brooke Baumann of the Single Family Housing Direct Loan Division at (202) 690-4250.

EXPIRATION DATE:
July 31, 2003

FILING INSTRUCTIONS:
Housing Programs

* AZ, ID, IA, GA, KS, ME, MN, MT, NE, NV, NH, NJ, NM, ND, OK, OR, SD, UT, VT, VA, WA, WV, WI, and WY

July 9, 2002

SUBJECT: Veterans' Employment

TO: National Office Officials
Rural Development State Directors

The Office of Personnel Management (OPM) recently issued a memorandum for Heads of Executive Departments and Agencies stressing the importance that the Administration places on veterans' employment issues-in particular ensuring that veterans receive the employment preferences they have earned.

The Director of the OPM wanted to remind all agencies that the veterans' preference laws have long been a cornerstone of the Civil Service, and OPM has been at the forefront of efforts to preserve and protect veterans' preference in Federal employment. We share the view held by OPM and by veterans' service organizations that the Nation owes a debt of gratitude to its veterans. Veterans' preference provides a measure of compensation for those brave young men and women who left their families, home, and hearth to answer the Nation's call to arms.

The reminder to our country for the need to have individuals serving in the military clearly came on September 11th. Once again we are focused on the veteran and all they do and sacrifice to make our country safe. Let us not forget them as we make employment decisions in the years to come. We believe that hiring veterans is simply good business. The majority of our ex-servicemen and women are already the beneficiaries of tens of thousands of dollars worth of Government training. They have already demonstrated their patriotism and commitment, as well as a willingness to learn and work hard. Perhaps most importantly, they have learned invaluable leadership skills in the military, which are not taught anywhere else.

Currently in the United States Department of Agriculture 14 percent of the work force comprises veterans. This figure is in keeping with the veteran employment figures for the civilian agencies. The percentage of veterans in the civilian labor force is 11 percent. Both of these percentages are somewhat higher than the percentage of veterans in the Rural Development Mission Area (10.08 percent). We have seen an increase in veteran employment within our Mission Area over the past three years and encourage you to continue that trend.

EXPIRATION DATE:
December 31, 2002

FILING INSTRUCTIONS:
Administrative/Other Programs

We want to remind you that Congress has enacted many programs and appointing authorities in response to concerns expressed by individuals as well as veterans' service organizations that veterans were having difficulty competing for Federal jobs because agencies were increasingly recruiting from within, rather than through open competitive examination. The Veteran's Employment Opportunities Act (VEOA) of 1998, requires an agency to allow eligible veterans and preference eligibles to apply when it is recruiting under Merit Promotion procedures, if an agency is considering external candidates as a separate source of eligibles.

In 1978 Congress created a special noncompetitive appointing authority for veterans with a 30 percent or more disability rating. An agency can give an eligible veteran a temporary appointment lasting for 60 days or more, and convert the veteran at any time to a career conditional appointment. Please consider this authority as a way to appoint severely disabled veterans.

Also available for your use in appointing veterans non-competitively is the Veteran's Readjustment Appointment (VRA). You may give eligible veterans excepted appointments up to grade GS-11 or equivalent. After a veteran successfully completes a two-year trial period, you must convert the individual to a career conditional appointment. VRA eligibility lasts for 10 years from the date of the veteran's last separation from active duty.

Detailed specific information on the above appointing authorities is available on the OPM web site (www.opm.gov) under "veterans." There is also a discussion of the various appointing authorities for veterans in the VetGuide also available on that web site. Another good source for locating veterans for employment opportunities is called Working Partners and it is located at www.vba.va.gov/vr&e.htm. If we can provide any additional information or answer any questions about the use of these authorities, please call Larry Crowder at (202) 692-0353. Hiring veterans is good for the Rural Development Mission Area, good for the USDA, and good for the Nation!

(Signed by Diana Shermeyer) for

TIMOTHY RYAN
Assistant Administrator
for Human Resources

July 10, 2002

SUBJECT: Scheduling Teleconferences

TO: National Office Officials
Rural Development

In order to streamline Rural Development's teleconference scheduling, please have your staffs make arrangements directly with USDA's Video, Teleconference, and Radio (VTR) Center. The attached "Teleconference Request/Confirmation" should be used to fax your requirements to the VTR at 202-720-5773. Upon receipt, VTR staff will make the requested arrangements and fax back a confirmation. VTR staff can be contacted at 202-720-6143, 720-2822, 720-2029, or 720-8690.

Also, please remind teleconference participants to promote activities which eliminate poor sound quality, distortion, feedback, and voice clipping. Some fundamental tips include:

- Avoid using a cellular phone.
- Place your telephone on mute unless you are actually speaking.
- Speak directly toward or into the microphone.
- Avoid using a speaker phone unless there is more than one person in the room with you.
- Limit the number of participants in small rooms. If necessary, request additional bridge lines to allow participation from other offices or locations.

If there are any questions, please contact Andrea Jenkins (202-692-0029) or Rod Williams (202-692-0027) of the General Services Branch.

(Signed by Sherie Hinton Henry)

SHERIE HINTON HENRY
Deputy Administrator
for Operations and Management

Attachment

EXPIRATION DATE:
June 30, 2003

FILING INSTRUCTIONS:
Administrative/Other Programs

Sent by E-Mail on 07-10-02 at 2:00 p.m. by SSD.
The addressees should advise other personnel as appropriate.

SUBJECT: Teleconference Request/Confirmation

TO: USDA Video, Teleconference & Radio (VTR) Center

Telefax Number: (202) 720-5773

Contacts: Anita Booth
Liz Conley
Mansey Pullen
Dana Smith

Phone: (202) 720-6143
(202) 720-2822
(202) 720-2029
(202) 720-8690

DATE OF TELECONFERENCE:

TIME REQUIRED:

TO:

OF LINES NEEDED:

OF TAPES NEEDED:

MODERATOR:

Last Name

First Name

REQUESTED BY:

Last Name

First Name

AGENCY:

DIVISION:

REQUESTER'S TELEPHONE NUMBER:

REQUESTER'S FAX NUMBER:

TO BE COMPLETED BY VTR

BRIDGE NUMBER:

ROOM NUMBER ASSIGNED:

FOR VTR CENTER USE:

Date Confirmation Sent to the Requester

Cancellation Received from Requester:

NOTES TO REQUESTER: The VTR Center is reserving the above services for you. Please notify the VTR Center **IMMEDIATELY** to cancel your teleconference(s). You may be charged for bridge time if cancellation occurs less than 24 hours prior to the scheduled date(s)/time(s).

IF YOU EXPERIENCE AUDIO PROBLEMS DURING THE TELECONFERENCE, CALL 720-8560

July 10, 2002

SUBJECT: Federal Long Term Care Insurance
Open Season

TO: All Rural Development Employees

The Long Term Care Security Act (PL 106-265) was signed into law on September 19, 2000. This Act authorized the Office of Personnel Management (OPM) to start a long term care insurance program. For the first time, the Federal family can apply for Federally sponsored long term care insurance. The current spouse, children age 18 and over, parents, parents-in-law, and stepparents of living employees are included in the Federal family for Long Term Care Insurance. Open Season for the Federal Long Term Care Insurance Program began July 1, 2002, and will end December 31, 2002.

John Hancock Life Insurance and Metropolitan Life Insurance companies were chosen by OPM to provide coverage of the long term care insurance program. These two insurance companies formed a partnership called the Long Term Care (LTC) Partners, which will be devoted exclusively to the long term care insurance for the Federal family.

Long term care is the kind of care you would need to help you perform daily living activities such as bathing, dressing or feeding yourself, or moving from bed to chair if you had a chronic illness or disability. Surveys show that approximately 60% of Americans who reach age 65 will need long term care services.

Long term care is expensive and may exhaust all of your savings. Most health insurance plans and Medicare do not cover long term care. Long term care will cover nursing home care, assisted living and home care. The cost will vary depending on where you live.

All employees who apply for the long term care insurance may not be eligible for the standard insurance. However, other benefits or non standard insurance and/or

EXPIRATION DATE:
December 31, 2002

FILING INSTRUCTIONS:
Administrative/Other Programs

products may be offered to ineligible employees. This program is not like the Federal Employees Health Benefits (FEHB) program where everyone is eligible. Each Long Term Care policy is separate and different. You do not need to be enrolled in FEHB to enroll in the Long Term Care Program. You apply for your own coverage and any of your eligible family members can also apply for their own individual coverage separately. Family members can apply for coverage even if you don't. Also, unlike the FEHB program, the Long Term Care Program does not cover minor children.

LTC Partners makes all insurability decisions and those decisions cannot be appealed to OPM. Once LTC Partners approves an application for coverage, a notice of approval will be sent to you and an original effective date of coverage will be given. Communication will be between you and LTC Partners only. The earliest effective date is October 1, 2002. The cost will vary depending upon your geographical location and your age at time of application. If you enroll by December 31, the last day of the Open Season, LTC Partners will calculate your premium based on your age as of July 1, 2002. You may make payments directly to LTC Partners, have payroll deduction or authorize a direct deposit from your checking account.

The Human Resources office will not stock applications for this program. To request an Open Season kit with application call LTC Partners at 1-800-582-3337, TDD for hearing impaired is 1-800-843-3557. You can also request an application as well as find a wealth of information about this Program on the LTC Partners website at www.ltcfed.com. You can also access the OPM website at www.OPM.gov/insure/ltc for additional information and to review the satellite broadcasts previously shown on March 6 and May 15. There will be certified long term care insurance consultants to assist you when you call LTC Partners. They can be reached from 8:00 a.m. to midnight, 7 days a week, Eastern Standard Time. There is a voice response system available 24 hours a day, 7 days a week.

There will be future Open Seasons but not on an annual basis. It is unknown at this time when the next Open Season will be.

If you have any additional questions, please contact your Servicing Human Resources Specialist.

(Signed by Diana Shermeyer)

TIMOTHY J. RYAN
Assistant Administrator
for Human Resources

Sent by electronic mail 07/10/02 by L. Followell.

July 17, 2002

SUBJECT: Rural Economic Development Loan and Grant Program
Irrevocable Letters of Credit

TO: State Directors, Rural Development

ATTN: Business Programs Directors

Currently, when a loan is made under the Rural Economic Development Loan and Grant (REDLG) Program to an electric utility that has prepaid its debt to the Rural Utilities Service (RUS) under an eligible prepayment program offered by RUS, the Rural Business-Cooperative Service (RBS) requires an irrevocable letter of credit (LOC) to secure the REDLG loan. RBS requires that the LOC be issued by a reputable financial institution on behalf of the electric utility and made payable to the United States of America, acting through RBS. The LOC must be irrevocable during the term of the loan and issued in an amount equal to 2 times the outstanding principal amount of debt.

After review of this policy, RBS is reducing the amount of coverage required in the LOC. Effective immediately, RBS will require that an LOC be issued in an amount equal to 1.25 times the outstanding principal amount of debt.

Please keep in mind that an LOC is required as security for any REDLG loan made to an electric utility that has prepaid its electric loan debt to RUS and, as stated in 7 CFR section 1703.29(d), in those cases where the Administrator has determined that, as a result of state law, court rulings, or regulatory commission decisions, it is necessary to ensure that the borrower will repay the zero-interest loan. The LOC is required prior to the advance of any zero-interest loan funds.

If you have any questions concerning this memorandum, please contact the Specialty Lenders Division, RBS, (202) 720-1400.

(Signed by John Rosso)

JOHN ROSSO
Administrator
Rural Business-Cooperative Service

EXPIRATION DATE:
Discard when no longer needed

FILING INSTRUCTIONS:
Community/Business Programs

July 17, 2002

TO: State Directors
Rural Development

ATTENTION: Multi-Family Housing Directors, Coordinators,
and Rural Development Managers

FROM: Arthur A. Garcia *(Signed by Arthur A. Garcia)*
Administrator
Rural Housing Service

SUBJECT: The Impact of the Franconia Decision on RHS MFH Preservation

In response to several questions regarding the recent Supreme Court decision in Franconia Associates v. United States and its impact on the Rural Housing Service's (RHS) Multi-Family Housing (MFH) program, we offer the following:

What was the decision made in Franconia Associates v. United States?

The June 10, 2002, Supreme Court decision determined when and which borrowers may take part in legal cases seeking monetary damages. Borrowers allege that prepayment legislation (Section 502 of the Housing Act of 1949) breached existing contracts. The Supreme Court decided that the statute of limitation could apply from the date a prepayment request was rejected. Grass Valley Terrace v. United States was included in the Supreme Court decision. Adams v. United States is a similar case currently in the United States Court of Federal Claims.

How does this decision impact the MFH program?

- The Supreme Court decision does not impact the validity of the existing statute and regulation. The Agency and borrowers must continue to follow the existing regulation and statute until changed.
- The decision may increase the number of potential litigants who seek damages from the Government. Currently, the number of litigants includes the 300 borrowers currently part of Franconia and related cases. That number could increase to include any borrower with a loan made on or before December 14, 1989, who seeks to prepay. Prepayment prohibitions were required in loans made after that date.

EXPIRATION DATE: July 31, 2003

FILING INSTRUCTIONS:
Housing Programs

- Legal action to determine if there actually is a breach of contract and the amount of any potential damages will now return to the U.S. Court of Federal Claims for resolution.
- The Department of Justice (DOJ) represents the government and final legal decisions are not expected in the near future.

How will the Franconia decision affect the way the Agency responds to prepayment requests?

- The Agency must continue to follow the existing provisions of RD Instruction 1965-E. No prepayment of a MFH loan may be accepted without meeting these requirements.
- The Agency must respond to any prepayment request as expeditiously as possible. All processing deadlines contained within RD Instruction 1965-E should be met.
- To facilitate monitoring of prepayment activity, PRE-TRAC will be updated as frequently as possible. PRE-TRAC must contain information on any Rural Rental Housing or Farm Labor Housing prepayment request that has not reached a final activity status.
- In PRE-TRAC, the activity identified as A00 on the Timeline Screen must be updated to contain the date that the borrower initially submitted a documented request to prepay.
- If a borrower submits a check to prepay prior to satisfying the requirements of RD Instruction 1965-E, contact the bank to determine if there are sufficient funds in the account to honor the check and repay the loan. In PRE-TRAC, enter a comment on activity A04 on the Timeline Screen to indicate if there are sufficient funds and return the check to the borrower. This will document if the submission of the check was a valid attempt to prepay.
- Do not advise borrowers that they “may not prepay.”
- ❑ Borrowers with loans made after December 14, 1989, may be advised that they are “ineligible to prepay in accordance with their loan agreement.”
- ❑ Borrowers with loans made on or before December 14, 1989, may be advised that they “may prepay provided they agree to any restrictions that may be imposed by the Agency after following the process described in RD Instruction 1965-E.”

Who do I contact with additional questions?

The Office of Rental Housing Preservation (ORHP) is available to answer any question regarding this issue, please contact ORHP at:

Larry Anderson 202-720-1611
Cynthia Reese-Foxworth 202-720-1940

lranders@rdmail.rural.usda.gov
cfoxwort@rdmail.rural.usda.gov

July 19, 2002

SUBJECT: Rural Business Enterprise Grant Program
Technical Assistance for Rural Transportation Systems

TO: State Directors, Rural Development

ATTN: Business Programs Directors

We recently completed the selection for the rural transportation systems funding cycle. A notice was published in the Federal Register on January 30, 2002, announcing that a single \$500,000 grant would be available from the funds appropriated under the Rural Business Enterprise Grant program and another single \$250,000 grant from the Federally Recognized Native American Tribes set aside for improving passenger transportation services or facilities.

Only one pre-application was received for competition for the \$500,000 earmark and the Native American set aside. The Community Transportation Association of America (CTAA) was selected for both grant awards.

The funds will be used to provide technical assistance to three long-term projects and six short-term projects under the Native American set aside. The projects are:

1. Chippewa Cree Tribe of Rocky Boy's Indian Reservation, Box Elder, Montana: For planning and development of transit services to serve the unmet transportation needs of the community.
2. Menominee Indian Tribe of Wisconsin: To assist the Tribe in expanding the availability of transportation services within and beyond the Menominee Reservation.
3. Mescalero Apache Tribe, New Mexico: To assist the Tribe in enhancing transportation services and infrastructure. The Mescalero Tribe is seeking to create a new public transit system which will provide transportation for both tribal and non-tribal members.

EXPIRATION DATE :
September 30, 2002

FILING INSTRUCTIONS:
Business/Community Programs

4. Quechan Tribally Designated Housing Entity: To develop a transit system on and around the Fort Yuma Indian Reservation. At the present time, there are no public transportation services available to tribal residents.
5. Pueblo of Jemez: For the development of a new transit program to provide mobility for tribal members.
6. Winnebago Indian Tribe, Thurston County, Nebraska: To develop a business plan for a transportation service across the Missouri River.
7. Robinson Rancheria of Pomo Indians: For planning assistance to develop a new service connecting Lakeport, the Rancheria, Upper Lake, Blue Lakes, and Ukiah.
8. Wind River Transportation Authority of the Wind River Indian Reservation: To assist the Authority in refining its management, recordkeeping, and communication functions to improve the efficiency of operations.
9. Navajo Transit System for the States of Arizona, New Mexico and Utah: To refine the existing transit program to serve more tribal members.

The \$500,000 earmarked funds will provide technical assistance to five projects. These projects are:

1. Community Action Program Bleknap-Merrimack Counties, Inc. (CAPBMC) located in Concord, New Hampshire: To assist CAPBMC in facilitating development of a new transit facility.
2. Lewis and Clark Bicentennial Association (LCBA), Asotria, Oregon: To develop a new transportation service and marketing plan to serve tourists and residents during and beyond the upcoming Lewis and Clark Bicentennial.
3. Port Townsend Chamber of Commerce, Port Townsend, Washington: To assist in developing a combined transit/visitors' center for the Chamber of Commerce and Jefferson Transit.
4. Catholic Community Services in Southeastern Arizona, Sierra Vista, Arizona: To develop expanded transportation services between Sierra Vista and the communities of Douglas and Bisbee.
5. Progressive Chapel Community Development Corporation, Lake Providence, Louisiana: To assist in creating and expanding transportation services for residents of the Town of Lake Providence and East Carroll Parish.

If you have any questions, please contact Diane Berger, Loan Specialist, Specialty Lenders Division Processing Branch, (202) 720-2383.

(Signed by William F. Hagy III)

WILLIAM F. HAGY III
Deputy Administrator
Business Programs

July 22, 2002

SUBJECT: Alternative Dispute Resolution – Employee and Customer

TO: National Office Officials
Rural Development State Directors

ATTN: Administrative Programs Directors

The Alternative Dispute Resolution (ADR) and Conflict Prevention Program for both employees (workplace) and customers (programs) has been consolidated and moved to Operations and Management under my direct supervision.

This will help the ADR program establish and maintain autonomy as an “arms length” service for Rural Development parties in dispute to work toward an amenable resolution. The principle work product is to provide neutral, outside third party mediators for resolving workplace and program disputes. In addition, the ADR program will assist managers and employees with conflict prevention programs. In carrying out these responsibilities for the Rural Development mission area, the ADR program will report directly to me as the Deputy Administrator for Operations and Management.

The ADR Program Manager is Bob Lovan and angela corley is an ADR Specialist working with Mr. Lovan.

If you have any questions regarding the ADR Program, please contact Mr. Lovan at 202-690-2583 or Ms. corley at 202-692-0094.

(Signed by Sherie Hinton Henry)

SHERIE HINTON HENRY
Deputy Administrator
for Operations and Management

EXPIRATION DATE:
July 31, 2003

FILING INSTRUCTIONS:
Administrative/Other Programs

Sent by electronic mail on 07/22/02 at 9:50 a.m. EST by the Office of the Deputy Administrator for Operations and Management.

July 25, 2002

SUBJECT: FY 2002 Third Quarter Status of Funds Report

TO: Rural Development State Directors

ATTN: Administrative Program Directors

Attached is the FY 2002 third quarter BRIO Status of Funds Report for your organization. This is the standard report used by the Budget Division to monitor your administrative allotments on a monthly basis.

In preparation for the end of the fiscal year, I am requesting that you review this report for accuracy and notify me (with a copy to Budget) of any major discrepancies and the action taken to resolve them five days after you receive this report.

In addition, this memorandum is a reminder of the following:

1. It is your responsibility to ensure that your reimbursable agreements are signed and submitted to the Budget Office **no later than August 15, 2002.**
2. It is your responsibility to ensure that your reimbursable account (FUND 01R) has a **zero** balance by September 30, 2002.
3. State Offices are responsible for ensuring that time and attendance records for each employee are properly coded to their FUND 01.

In order to meet critical funding needs within the mission area and to avoid lapsing funds, you should review your funding requirements for the balance of the fiscal year. If you project funds in excess of your needs, you should send a memorandum **by August 15, 2002**, notifying Deborah B. Lawrence, Acting Director, Budget Division. The memorandum should indicate FUND 01, the program code, and the amount available for reprogramming. Budget Division will then reduce your allotment by the amount indicated and allot the funds to meet Rural Development needs.

EXPIRATION DATE: September 30, 2002

FILING INSTRUCTIONS:
Administrative/Other Programs

If you have questions or need additional information, please contact Sylvia Booth at (202) 692-0127 or E-mail sbooth@rdasun2.rurdev.usda.gov.

(Signed by Sherie Hinton Henry)

SHERIE HINTON HENRY
Deputy Administrator
for Operations and Management

Attachment

The Budget Division sent out attachment to each State Directors.

July 27, 2002

SUBJECT: Interest Rate Changes for Housing Programs
and Credit Sales (Nonprogram)

TO: Rural Development State Directors,
Rural Development Managers,
and Community Development Managers

ATTN: Rural Housing, Program Director

The following interest rate, effective August 1, 2002, is changed as follows:

<u>Loan Type</u>	<u>Existing Rate</u>	<u>New Rate</u>
ALL LOAN TYPES		
Treasury Judgement Rate	2.350%	2.100%

The Department of Treasury, working with Congress has eliminated the auction of the 52-week bill. The Treasury Judgement rate therefore is no longer based on this auction. The Treasury Judgement rate is now based on the weekly average 1-year Constant Maturity Treasury (CMT) yield. The rate is published by the Federal Reserve System, Board of Governors. The current rate shown above is as of the week ending 6/28/02. The actual judgement rate that will be used will be the rate for the calendar week preceding the date the defendant becomes liable for interest.

EXPIRATION DATE:
August 31, 2002

FILING INSTRUCTIONS:
Administrative/Other Programs

This rate may be found by going to the Federal Reserve web site for the weekly average 1-year CMT yield (www.federalreserve.gov/releases/h15/data/wf/tcm1y.txt).

Please notify appropriate personnel of this interest rate information.

(Signed by Arthur A. Garcia)

ARTHUR A. GARCIA
Administrator
Rural Housing Service

Sent by Electronic Mail on 7-22-02 at 5:11 p.m. by PAD.

July 29, 2002

TO: State Directors
Rural Development

ATTN: MFH Program Directors and Coordinators

FROM: Arthur A. Garcia *(Signed by Arthur A. Garcia)*
Administrator
Rural Housing Service

SUBJECT: Multi-Family Housing Enforcement Team
Mission, Goals and Requests for Assistance

Rural Housing Service (RHS) has established a Multi-Family Housing (MFH) Enforcement Team to improve RHS's efforts to detect and eradicate fraud, waste, and abuse in the MFH program. The Team was developed from concepts utilized during the successful joint Office of the Inspector General (OIG)/RHS initiative. Current Team members have been selected from field staff nominees.

The following Mission Statement and Statement of Services were adopted for the Enforcement Team:

Mission Statement:

The Mission of the RHS Multi-Family Housing Enforcement Team is to protect the interests of residents, ensure quality housing, restore public trust in Government investments, and eliminate program fraud, waste, and abuse.

Statement of Services:

Within the scope of our mission statement, the MFH Enforcement Team will provide the following services:

- Perform problem property reviews including: data reviews, site visits, interviews, reports on findings, recommendations for remedial actions, and follow-up actions to ensure problem resolution.
- Coordinate multi-state reviews of problem borrowers and management agents.
- Recommend enforcement actions to ensure borrower/agent compliance with regulatory and statutory program requirements.

EXPIRATION DATE: August 31, 2003

FILING INSTRUCTIONS:
Housing Programs

- Analyze problem property data collected by field staff and provide feedback concerning administrative actions for field staff to pursue in relation to problem properties.
- Coordinate enforcement efforts with the OIG, Office of General Counsel (OGC), Department of Justice (DOJ); Department of Housing and Urban Development (HUD), Federal Bureau of Investigation (FBI), and the Internal Revenue Service (IRS), as appropriate.
- Provide technical assistance and advice to field staff.
- Develop training materials and conduct training related to problem property analysis and enforcement techniques.
- Develop a standardized process to deal with problem properties and ensure comparable actions are applied in similar cases.
- Guide field staff with appropriate actions to ensure closure of recommendations from OIG Audits.

Examples of Casework:

Examples of past enforcement team casework have included:

- The Enforcement Team was assisted by OIG in a total review of one borrower's projects and operations. The three-person team started their review in the National Office and proceeded to the management agent's files, the borrower's records, and the physical projects. The team received excellent cooperation and commitment of resources from OIG and received team input from the National Office OGC. The FBI has taken jurisdiction of this case. The Enforcement Team continues to assist the FBI in this investigation.
- A new MFH Program Director requested assistance in determining the correct regulatory steps needed to service a troubled property. An Enforcement Team member was enlisted to guide and mentor the new Director through the process.

How to Request Enforcement Team Services:

Activities of the Enforcement Team may be initiated by the Deputy Administrator for MFH or by a request from a State. As described in the preceding Statement of Services, the Team stands ready to assist in detecting and resolving cases of MFH fraud, waste, and abuse. We strongly encourage you to contact us if you have a case and need guidance in developing possible servicing actions. Case referrals will help you take proactive steps towards resolving problem situations and improving your MFH portfolio.

To request assistance, we ask that you complete Attachment 1, Request for MFH Enforcement Team Services, and forward the Attachment to the National Office. Once the request is received and reviewed, you will be contacted to discuss the appropriate Enforcement Team involvement.

Additional Enforcement Team Members:

From time to time, it may be necessary to either replace or supplement Team members. We encourage the recommendation of any MFH staff interested in becoming an Enforcement Team member. Candidates for the team should be experienced in MFH procedures, able to conduct independent research, and produce clear, concise documentation of findings.

Team members receive training in conducting reviews and audits by the National Office. Members may work closely with OIG Audit and Investigation teams. OIG Audit has offered the opportunity for a limited number of RHS staff to attend the OIG Audit Academy classes for intensive training in the government audit process. After receiving training, team members

will be called upon for specific reviews or audits. It is anticipated that reviews may take between 5 to 10 percent of their time and will involve some travel. Travel expenses for team activities will be paid for from RHS National Office funds. National Office staff will be part of the review teams and will coordinate the effort with the OIG. If you have qualified MFH staff that are interested and available for participation on the MFH Enforcement Program review teams, please complete Attachment 2, Expression of Interest to Serve on the Multi-Family Housing Enforcement Program Review Team, and return the form to the National Office.

Where to send Requests for MFH Enforcement Team Services and Expressions of Interest:

Please return the completed forms to Melinda Price, Senior Loan Specialist, Multi-Family Housing Portfolio Management Division (MFHPMD), Stop 0782 in the National Office. If you or interested staff have any questions concerning either requests for Enforcement Team assistance or staff participation on the Team, please contact Melinda Price at (202) 690-0669, or mmprice@rdmail.rural.usda.gov.

As a final note, our enforcement efforts within RHS recently received a substantial boost with the signing of the American Homeownership and Economic Opportunity Act of 2000. The new law contains significant new enforcement authorities, principally for the MFH programs, but in some cases extending to all housing programs within RHS. A few of the highlights include: requirements for borrower accounting standards, double damages for unauthorized use of project assets and income, and civil monetary penalties. We are currently reviewing these new authorities and will be determining the best method by which to implement the provisions into the regulations.

Attachments

Attachment 1

Request for MFH Enforcement Team Services

1. State making request: _____
2. Name of entity to be reviewed: _____
(Note: this could be a borrower name, general partner, corporation, housing authority.)
3. Other names the entity operates under or is known by: _____
4. Does the entity operate in other states? (Yes or No) _____
5. If so, what other states? _____
6. Describe all grants and loans provided to the entity:

7. Number of projects or properties involved: _____
8. Name and location of project(s): (Provide list on attached sheet if lengthy.)

9. Average project size: _____
10. Brief description of problem: _____

11. Type of assistance needed from Enforcement Team: _____

12. Additional information to be considered: _____

(Attach additional sheets to explain any above item, if necessary)

Attachment 2

Expression of Interest to Serve on the Multi-Family Housing Enforcement Program Review Team

Name: _____

Position in Agency: _____

Time working in the MFH Program: _____

Please provide a description of experience conducting Supervisory Visits, Internal Reviews, Audits or other examinations of borrower, management, or program operations:

Signature of Candidate

State Director Approval

Date

Date